



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 30, 2000

### **Marriage Tax Relief Reconciliation Act of 2000**

*As ordered reported by the Senate Committee on Finance on June 28, 2000*

#### **SUMMARY**

The Marriage Tax Relief Reconciliation Act of 2000 would increase the basic standard deduction for a married couple filing a joint return to twice that of a taxpayer filing a single return. The bill would also expand the 15-percent and 28-percent regular income tax rate brackets for a married couple filing a joint return. In addition, the bill would extend the current Alternative Minimum Tax (AMT) treatment of refundable and non-refundable personal credits. Finally, the bill would increase by \$2,500 the beginning and ending income levels for phasing out the Earned Income Credit (EIC) for married couples filing jointly. All provisions in the bill would expire on December 31, 2004.

The Joint Committee on Taxation (JCT) estimates that the bill would decrease revenues by \$4 billion in 2001 and by \$50 billion over the 2001-2005 period. In addition, JCT estimates that the bill would increase direct spending—the outlay effect of the EIC changes—by about \$7 million in 2001 and by \$5 billion over the 2001-2005 period. Because the bill would affect receipts and direct spending, pay-as-you-go procedures would apply.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of the bill is shown in the following table. JCT provided all revenue and outlay estimates of provisions for the bill. Because the bill's provisions would expire on December 31, 2004, there would not be any budgetary effect after 2005.

	By Fiscal Year, in Millions of Dollars					
	2000	2001	2002	2003	2004	2005
<b>CHANGES IN REVENUES</b>						
Estimated Revenues	0	-4,106	-8,250	-12,621	-17,536	-7,766
<b>CHANGES IN DIRECT SPENDING</b>						
Estimated Budget Authority	0	7	1,345	1,311	1,321	1,336
Estimated Outlays	0	7	1,345	1,311	1,321	1,336

SOURCE: Joint Committee on Taxation.

## PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays and governmental receipts that are subject to pay-as-you-go procedures are shown in the following table.

	By Fiscal Year, in Millions of Dollars					
	2000	2001	2002	2003	2004	2005
Changes in receipts	0	-4,106	-8,250	-12,621	-17,536	-7,766
Changes in outlays	0	7	1,345	1,311	1,321	1,336

## INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

As estimated by JCT, the bill contains no intergovernmental or private-sector mandates as defined in UMRA.

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